

## Message Text

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FM AMEMBASSY KUWAIT

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AMEMBASSY BEIRUT

UNCLAS KUWAIT 2584

E.O. 11652: NA

TAGS: BDIS KU

SUBJ: COMPLAINT ON SALE OF U.S. BEEF, POULTRY

1. LOCAL BUSINESSMAN CONTACTED EMBOFF RE HIS PURCHASE OF LARGE ORDER OF U.S. BEEF AND DUCKS FROM IRON GATE PRODUCTS CO., 424-426 W. 54TH ST., N.Y., N.Y. 10019. LOCAL AGENT FOR THIS U.S. FIRM IS MARZOOK COMMERCIAL CO. PURCHASER OF ORDER, IMAD KHALAF, IS WELL-KNOWN BUSINESSMAN WITH FOUR RETAIL STORES HANDLING WIDE VARIETY OF EUROPEAN AND US PRODUCTS. KHALAF HIMSELF IS AGENT FOR SEVERAL US COMPANIES AND IS WELL-ESTABLISHED, REPUTABLE MERCHANT.

2. KHALAF ASKED EMBOFF TO INSPECT SMALL PART OF SHIPMENT. TOTAL ORDER WAS 9,110 LBS OF DUCK AND 32,000 LBS OF BEEF. SOME DUCKS LOOKED VERY GOOD, OF SAME QUALITY AS EXPECTED IN US SUPERMARKET. OTHERS WERE HALF THAT SIZE, DRY AND SHRIVELED LOOKING, AND DARK COLORED. KHALAF REMARKED THESE LOOKED MORE LIKE "SICK CHICKENS" TO WHICH EMBOFF AGREED. BEEF ARRIVED NOT CUT TO SPECIFICATIONS IN ORDER. PRIME RIB WAS DARK AND THICK WITH FAT, HAD VERY LITTLE MEAT. OTHER PORTIONS OF MEAT WERE VERY DARK WITH LAYER OF GRAY FAT. PLASTIC WRAPPING BORE PRINTED USDA SEAL BUT THERE WAS NO STAMP ON THE MEAT ITSELF INDICATING USDA INSPECTION. IN COMPARISON, KHALAF DISPLAYED NEW ZEALAND BEEF WHICH LOOKED MUCH BETTER AND BORE GOVERNMENT INSPECTOR'S UNCLASSIFIED

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SEAL.

3. KHALAF HAD INTENDED THIS SHIPMENT FOR PURCHASE BY LOCAL EXPATRIATE COMMUNITY AND KUWAITIS WHO ARE FAMILIAR WITH HIGH-QUALITY BEEF. HE SAID HIS REGULAR CUSTOMERS HAVE NOTICED INFERIOR QUALITY OF THIS SHIPMENT AND HE MUST NOW SELL IT ELSEWHERE AT COST OR AT A SMALL LOSS.

4. HE SAID US FIRM HAD AGREED TO ACCEPT REDUCED PAYMENT FOR POULTRY--PROBABLY, HE ADDED, BECAUSE PAYMENT WAS BY CHECK AFTER DELIVERY OF ORDER. BEEF WAS PAID FOR BY LETTER OF CREDIT AND COMPANY HAS FULL AMOUNT.

5. KHALAF SAID HE HAD PURCHASED SMALL ORDERS BEFORE FROM IRON GATE THROUGH THEIR LOCAL AGENT AND SHIPMENTS WERE SATISFACTORY. HE WAS SUSPICIOUS OF BEING "SET UP" TO PURCHASE A LARGE ORDER. KHALAF IS ASKING FOR REPAYMENT FROM LOCAL AGENT BUT HAS NOT RECEIVED REPLY.

6. ACTION REQUESTED: REQUEST COMMERCE OR FAS CONTACT IRON GATE AND INFORM THEM OF PROBLEM. WOULD ALSO APPRECIATE THEIR THOUGHTS ON CONTINUING BUSINESS IN KUWAIT AND GULF AREA.

7. EXTREMELY UNFORTUNATE THIS KIND OF PROBLEM ARISES AT TIME WHEN US HAS GOOD OPPORTUNITY TO SELL FOOD PRODUCTS IN KUWAIT. THIS COMES IN WAKE OF TWO FOOD SALES TRADE MISSIONS AND AT TIME WHEN USDOC CONSIDERING BEIRUT AND GULF FOR FOOD SHOWS NEXT YEAR. US BEEF IS MUCH MORE EXPENSIVE THAN NEW ZEALAND OR EUROPEAN MEAT SOLD HERE. SELLING POINT FOR US BEEF HAS ALWAYS BEEN REPUTATION FOR HIGH QUALITY. NOW, LOCAL MERCHANT TRIES LARGE ORDER AND HE RECEIVES BAD QUALITY BEEF.

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